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- A. Data Elements. If you are going to increase the elements, credit score is going to have to be included. However, most of the time for secondary market transactions we use the middle score for loan pricing or the lowest score of the borrower for in-house loans. The pricing credit score should be completed. The income relied on for making the loan is the best criteria when you are following a stable income approach. Also for self-employed borrowers would the total income be gross sales, net sales or net income? I don't favor a change in the income field. The debt ratios and loan to value ratios would be good to send however, without having an understanding of the individual financial institution's loan policy it could skew the data. For example, in the housing bubble, would our bank that maintained traditional underwriting standards have been criticized compared to the some of the banks that were more liberal? We know which institutions caused the problem, it was the liberal underwriting standards not the conservative. Also, I think it should be noted in the data was an Automated Underwriting System used or manual underwriting? Maybe add the Loan Origination Identifier from the SAFE Act. Rate Spread Data should be reported on all loans. A Fixed Rate or ARM indicator would also be beneficial. Since we are not reporting information that identifies a specific person or property, I don't see how we are violating privacy of the consumer. However, if privacy is a concern consider making these data elements part of the call reporting process and have the regulated institutions report on a quarterly basis for all loans closed during that quarter that is subject to HMDA.
- B. Coverage and Scope. Any institution or firm who has to comply with S.A.F.E. Act should be required to report HMDA regardless if they have an office in MSA. That is the only way to get meaningful data that can be useful in determining if there is discrimination going on.
- C. No comments.
- D. Compliance Issues. The number one issue we face is whether the loan is subject to HMDA. Definition of refinance versus renewal is somewhat tricky at times and it would be best if renewals would be covered. I would like to see it expanded to any loan secured by residential real estate that is subject to an Early Truth-in-Lending. This would eliminate business purposes loans from being dragged into HMDA.